

Message Text

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PAGE 01 STATE 196036 TOSEC 200135

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FOR FUNSETH FROM S/PRS

E.O. 11652: N/A

TAGS: SOPN (KISSINGER, HENRY A)

SUBJECT: TRAVELLING PRESS REPORTAGE, AUGUST 6 EVENING

NO. 8

WIRES

AP - FREED FROM TEHRAN: "THE SHAH OF IRAN SAID TODAY THE U.S. REALLY HAS NO CHOICE BUT TO SUPPLY LARGE AMOUNTS OF ARMS TO HIS COUNTRY. HE TOLD A NEWS CONFERENCE AFTER MEETING WITH SECRETARY OF STATE KISSINGER THAT WITHOUT EVEN MORE WEAPONS IRAN WOULD BE IN DANGER OF COLLAPSE UNDER THE WEIGHT OF NEIGHBORING ENEMIES.

'WHAT OTHER ALTERNATIVES DO YOU HAVE', HE WENT ON, 'NUCLEAR HOLOCAUST OR MORE VIETNAMS' IF THE U.S. DOES NOT HELP ITS FRIENDS.

THE SHAH WAS RESPONDING TO QUESTIONS ABOUT A SENATE COMMITTEE REPORT....THE SHAH DENIED ALL THE CHARGES, SAYING IF ANY TECHNICAL PROBLEMS ARISE HE WILL HIRE AMERICAN CIVILIANS TO HELP. HE DISPUTED THE SENATE REPORT'S FINDING THAT 24,000
UNCLASSIFIED

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PAGE 02 STATE 196036 TOSEC 200135

AMERICANS ARE ALREADY HELPING RUN HIS MILITARY ESTABLISH-

MENT.

IN OTHER MATTERS THE SHAH SAID HE WILL NOT ACCEPT RESTRAINTS ON A SALE OF AMERICAN NUCLEAR REACTORS 'THAT INFRINGE ON THE SOVERIEGNTY' OF IRAN. HOWEVER, HE ADDED THAT 'WE ARE AGRE-EABLE TO A REPROCESSING PLANT..ON A MULTINATIONAL BASIS' IN THE REGION.....

KISSINGER AND THE SHAH AGREED THAT MORE NEGOTIATIONS ARE NECESSARY BEFORE THE DEAL, INVOLVING 8 TO 10 REACTORS WORTH ONE BILLION DOLLARS EACH, CAN BE CONCLUDED.

THE SHAH TOLD NEWSMEN HE IS ACTIVELY PURSUING AN ARRANGE-MENT TO TRADE CRUDE OIL FOR AMERICAN ARMS. HE SAID HE WOULD NOT CUT THE PRICE OF THE OIL TO MAKE SUCH A BARTER ARRANGE-MENT ATTRACTIVE. INSTEAD, THE DEAL SHOULD GO THROUGH BE-CAUSE 'THE SOURCE OF SUPPLY WOULD BE VERY SECURE WITH NO SURPRISES'.

THE SHAH ALSO DEFENDED HIS GOVERNMENT AGAINST CHARGES THAT HIS SECRET POLICE USES EXCESSIVE VIOLENCE OR TORTURES POLIT-ICAL PRISONERS....

THE SHAH SAID HIS COUNTRY NEEDS THREE TIMES AS MANY WEAPONS AS IT HAS TO CTACH UP WITH MANY OF ITS NEIGHBORS...HE IN-TENDS, HE WENT ON, TO MAKE IRAN AS STRONG IN 10 YEARS AS FRANCE, BRITAIN AND WEST GERMANY NOW ARE. AS FAR AS ARMS SALES GO, THERE ARE PLENTY OF PLACES TO BUY, THE SHAH SAID, IF THE U.S. REFUSES. 'THE QUESTION IS, CAN THE U.S. AFFORD TO LOSE IRAN', THE SHAH SAID, EITHER AS A FRIEND OR AS A CUSTOMER.

KISSINGER SAID THE TALKS WITH THE SHAH...WERE FRIENDLY AND CONSTRUCTIVE.

REUTER-NELSON FROM TEHRAN: LED ALONG LINES OF ABOVE FREED PIECE AND CONTINUED:

"WITH DR. KISSINGER SITTING AT HIS SIDE, THE SHAH CHALLENGED THE AMERICAN GOVERNMENT TO TRY TO STOP HIS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 196036 TOSEC 200135

ATTEMPT TO ENTER DIRECT BARTER DEALS WITH U.S. ARMS MANUFACTURERS, SUCH AS GENERAL DYNAMICS AND LITTON INDUSTRIES.

'THIS IS A PRIVATE DEAL' HE SAID. 'I DON'T SEE THAT THIS IS WITHIN YOUR JURISDICTION, IN A SO-CALLED FREE ECONOMY, TO INTERFERE.'

IN FACT, NONE OF THE PROPOSED BARTER DEALS IS NEAR COMPLETION, AND THE U.S. GOVERNMENT WOULD STILL RETAIN VETO POWER OVER ANY ARMS DELIVERY TO IRAN.

WARNING AGAINST ANY ATTEMPTS TO BLOCK ARMS SALES, THE SHAH SAID, 'IF YOUR SOURCES ARE NOT AVAILABLE TO US, THERE ARE MANY OTHER SOURCES WAITING FOR US TO SHOP IN THEIR SHOPS.'

THE SHAH SOUGHT TO SQUELCH OFFICIAL U.S. SPECULATION THAT HE MIGHT OFFER HIS BARTERED OIL FOR THE EQUIVALENT OF SOMETHING LESS THAN THE MINIMUM PRICE, NOW ABOUT 12 DOLLARS A BARREL, SET BY THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC).

'WE ARE NOT THAT BROKE,' HE SAID, INDIRECTLY ACKNOWLEDGING A BUDGET DEFICIT THAT IS BELIEVED TO HAVE PROMPTED HIM TO CONSIDER BARTER DEALS.

HE SAID IRAN WOULD HAVE TO BORROW FOREIGN CURRENCY TO HELP MEET PART OF ITS 7 BILLION DOLLAR AID COMMITMENTS TO INDIA, EGYPT AND SEVERAL AFRICAN COUNTRIES.

BUT, ASKED BY A REPORTER WHETHER HE WOULD CHARGE THE FULL OPEC PRICE IN A BARTER DEAL, HE REPLIED, 'WE CANNOT DO OTHERWISE.'

PI - DANILOFF FROM NOWSHAHR: "THE SHAH OF IRAN, DENYING A SENATE REPORT THAT U.S. ARMS SALES TO IRAN ARE MISMANAGED AND EXCESSIVE, SAID FRIDAY HIS COUNTRY NEEDS MORE AMERICAN MILITARY SUPPLIES BECAUSE IRAN'S NEIGHBORS HAVE A THREE-TO-ONE EDGE IN MILITARY FIREPOWER.

THE SHAH, WHO MET WITH SECRETARY OF STATE KISSINGER FOR UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 196036 TOSEC 200135

THREE HOURS AT HIS SUMMER PALACE ON THE SHORES OF THE CAPTAIN SEA, ALSO SAID IRAN WANTS EIGHT TO 10 U.S. NUCLEAR REACTORS FOR NON-MILITARY USES AND IS INTERESTED IN A PROPOSAL TO BARTER IRANIAN OIL FOR U.S. WEAPONS.

'IF YOU SUPPLY, THEN WE ARE VERY HAPPY,' HE TOLD REPORTERS IN AN INTERVIEW AFTER THE MEETING WITH KISSINGER. 'BUT IF YOU SAY YOUR SOURCES ARE NOT AVAILABLE, THEN THERE ARE MANY OTHER SOURCES JUST WAITING FOR US TO SHOP.'

KISSINGER, SEATED BESIDE THE SHAH IN THE CHANDELIERED RECEPTION HALL OF THE PALACE, SAID THE TALKS WERE 'EXTREMELY CONSTRUCTIVE' AND CONDUCTED WITH 'GREAT CORDIALITY AND GENERAL AGREEMENT.' HE DECLINED TO DISCUSS SPECIFICS OF THE MEETING.

THE IRANIAN RULER CALMLY TURNED ASIDE AMERICAN REPORTERS' QUESTIONS ABOUT REPRESSIVE MEASURES IN IRAN AND REPORTED TORTURE OF POLITICAL PRISONERS -- A TOPIC NEVER MENTIONED PUBLICLY IN TEHRAN.

THE IRANIAN RULER COMMENTED PUBLICLY FOR THE FIRST TIME ON A SENATE REPORT IN WASHINGTON THAT U.S. ARMS SALES TO IRAN -- DOLS 10 BILLION WORTH SINCE 1973 -- ARE OUT OF CONTROL, ARE MISMANAGED AND COULD EMBROIL THE UNITED STATES IN A MIDDLE EAST CONFLICT.

'I THINK WE HAVE ABSORBED THOSE ARMS SO FAR VERY EASILY AND WHATEVER ELSE WE GET WILL ALSO BE ABSORBED,' HE SAID.

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